

A coin-operated amusement device includes any "...device operated or operable by insertion of coins, tokens, chips or similar objects...which returns to the player thereof no money or property or right to receive money or property..." 35 ILCS 510/1. (This is a GIL).

March 20, 2000

Dear Xxxxx:

This letter is in response to your letter dated February 16, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

During the process of filling out a NUC-1, Illinois Business Registration form, we came across Section 6: Registration for Other Taxes and Compliance Information and were wondering if we need to complete additional registration forms.

We are going to have a device that presses pennies. The machine requires 50 cents and gives the customer a stretched penny with a design imprinted on the face. We are requesting your opinion on whether or not we need to file tax forms for a coin-operated amusement device.

Please send any necessary forms or a letter stating that no further action is required on this matter to ADDRESS.

If you should have any questions please feel free to contact #####.

The Coin-Operated Amusement Device and Redemption Machine Tax Act ("the Act") applies to both coin-operated amusement devices and redemption machines. A coin-operated amusement device includes any "...device operated or operable by insertion of coins, tokens, chips or similar objects...which returns to the player thereof no money or property or right to receive money or property..." 35 ILCS 510/1.

A redemption machine is defined at Section 28-2(a)(4) of the Criminal Code of 1961 as:

"....a single-player or multi-player amusement device involving a game, the object of which is throwing, rolling, bowling, shooting, placing, or propelling a ball or other object into, upon, or against a hole or other target, provided that all of the following conditions are met:

- (A) The outcome of the game is predominantly determined by the skill of the player.
- (B) The award of the prize is based solely upon the player's achieving the object of the game or otherwise upon the player's score.
- (C) Only merchandise prizes are awarded.
- (D) The average wholesale value of prizes awarded in lieu of tickets or tokens for single play of the device does not exceed the lesser of \$5 or 7 times the cost charged for a single play of the device.
- (E) The redemption value of tickets, tokens, and other representations of value, which may be accumulated by players to redeem prizes of greater value, does not exceed the amount charged for a single play of the device." 720 ILCS 5/28-2(a)(4)."

Coin-in-the-slot-operated amusement devices and redemption machines are legal in Illinois when conducted in accordance with the provisions of the Act and all regulations promulgated thereunder. See, 35 ILCS 510/1 et seq. and corresponding regulations at 86 Ill. Adm. Code 460.101 et seq. The Act imposes an annual privilege tax on the privilege of operating such machines.

Persons engaged in the operation of redemption machine games or coin-operated amusement devices are not in the business of selling tangible personal property at retail and do not incur Retailers' Occupation Tax liability on the gross receipts from the operation of those games. However, these games are treated for tax purposes similar to games of chance. See the enclosed copy of 86 Ill. Adm. Code 130.1975. Operators incur Use Tax on the purchase price of the tangible personal property that the operators provide as prizes for the games. Such operators may not provide Certificates of Resale when purchasing the tangible personal property that is to be provided as prizes. If the operators have not paid the Use Tax to Illinois suppliers, they must register and remit the tax to the Department of Revenue.

From the limited information you have presented, it appears that the penny pressing machine you describe does not meet the definition of either a coin-operated amusement device or a redemption machine. If this is the case, such machines are not subject to this Act.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

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Enc.